

Session Edition VII, 2003

April 3, 2003

Published by the Research Division of the Tennessee House of Representatives

House Committee Activity: March 31 - April 2, 2003

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The House Judiciary Committee and its subcommittees had a total of eighty-seven bills on their calendars this week. Shown in Criminal Practice Subcommittee are Vice Chair Henri Brooks, Tom Tighe of the Office of Legal Services, Chairman John Mark Windle and (far right) Representative Robert Briley.

Agriculture

Matt Barnes

The **Agriculture Committee** met Tuesday, April 1, with no bills on notice. Chairman Davidson announced that the Committee's last meeting will be April 22, so all bills coming through Agriculture need to be put on notice.

The committee did, however, hear from two speakers regarding the freshwater shrimp industry in Tennessee and surrounding states. Rep. Litz introduced Dolores Fretesi of the United States Freshwater Prawn and Shrimp Growers Association and Dr. Tom Hill of the University of Tennessee, who was there representing prawn growers from across the state. With regulation and limits

on production of tobacco on the rise, tobacco farmers are looking for alternative crops to make ends meet, causing some to look at the fast-growing freshwater shrimp industry.

Dr. Hill explained these "shrimp" are technically the freshwater prawn, but the terms are used interchangeably. Ms. Fretesi explained the freshwater prawns are actually closer in taste to the lobster than the marine shrimp and that the prawns have half the fat and lower cholesterol and iodine than the marine shrimp. Farmers may grow the prawns on as little as 1 acre, according to Ms. Fretesi, and can expect 8-16 per pound. Grown in a pond for 120 days from late May or early June to the end of September or first of October, the prawns will yield

around \$7,000 at approximately 1,000 pounds per acre. The initial investment would be anywhere from \$4,500 to \$5,500 for the cost of the pond, feed, and juvenile prawns.

What's needed, according to both Dr. Hill and Ms. Fretesi, are sound research for the prawn industry, education for the farmers, and support of the legislature. Ms. Fretesi claimed the industry is currently outgrowing the research.

Children & Family Affairs

Shannon Romain

The Full Committee

This week in the **Children and Family Affairs Committee, HB 0448** (Rep. Bowers) was referred to Calendar and Rules. As amended, the bill gives relative care-givers, including participants in the relative care-giver pilot programs located in certain counties, standing to petition the court to terminate the parental or guardianship rights of the child's legal parent or guardian. The amendment makes the bill.

HB 1731 (Rep. Garrett) and **HB 1997** (Rep. Chumney) were referred to Finance, Ways and Means. As amended, HB 1731 designates the circuit and chancery courts as the courts of competent jurisdiction to hear petitions for grandparent visitation. While the current grandparent visitation laws have not been declared unconstitutional, members were concerned about the impact of the legislation on future challenges to the law. In effect, the bill will have no impact on constitutional challenges. It simply designates that the circuit and chancery courts, as opposed to the juvenile court, have proper jurisdiction to rule on petitions for grandparent visitation. The juvenile court has heretofore dismissed such cases citing that it did not have the jurisdiction to rule on such petitions. The amendment makes the bill.

HB 1997 revises the Interstate Compact for Juveniles. As amended, the bill will repeal the Tennessee Interstate Compact for Juveniles, a nationally recognized, congressionally ratified, set of procedures used to expedite the return of juveniles who have escaped, absconded, or run away to other states. The amendment to the bill clarifies that the current Compact may not be repealed until the new Compact is adopted by 35 other states. The bill's fiscal assumes an increase in state expenditures of less than \$30,000.

Domestic Relations Subcommittee

In the **Domestic Relations Subcommittee HB 0859** (Rep. Brown) was referred to the full committee. As amended, the bill specifies that under the parenting plan, a parent may refuse to comply with a custodial order for visitation if the other parent arrives to pick up a child for visitation and the parent does not possess a valid driver license or the license is expired, canceled, suspended or revoked. The amendment makes the bill.

The following bills were deferred for one week:
HB 2038 (Rep. McMillan) Child Custody and Support
HB 0875 (Rep. Johnson) Adoption
HB 1119 (Rep. Shepard) Child Custody and Support
HB 1120 (Rep. Shepard) Paternity
HB 1121 (Rep. Shepard) Paternity
HB 1480 (Rep. Chumney) Divorce, Annulment, and Alimony
HB 1080 (Rep. Patton) Child Custody and Support
HB 1408 (Rep. Patton) Marriage

HB 1118 (Rep. Shepard) pertaining to child custody and support was taken off notice.

Family Justice Subcommittee

In the **Family Justice Subcommittee** two bills were referred to the full committee. As amended, **HB 0573** (Rep. Fowlkes) permits a parent to execute a power of attorney giving temporary, care-giving authority to any competent adult who is a resident of Tennessee. **HB 2000** (Rep. Chumney) creates the "Tennessee Protection of Minor Performers Act". The bill permits a minor or their parent(s) to petition the court to approve any contracts entered into by the minor for artistic and creative services performed within the state. If a contract is approved, the minor would not be permitted to disaffirm the contract and at least 15% of the minor's gross earnings must be put into a trust account for the child.

The following bills were deferred for one week:
HB 1391 (Rep. Brenda Turner) Child Custody and Support
HB 1861 (Rep. Hagood) Juvenile Offenders
HB 1020 (Rep. Davidson) Juvenile Courts
HB 2050 (Rep. McMillan) Interstate Compact for Juveniles
HB 1019 (Rep. Davidson) Juvenile Courts
HB 1079 (Rep. Patton) Marriage

The following bills were taken off notice:
HB 1002 (Rep. Clem) Juvenile Offenders
HB 1463 (Rep. Chumney) Juvenile Courts

Commerce

Matt Barnes

The Full Committee

The **Commerce Committee** met Tuesday, April 1, with eight bills on notice.

HB 1719 (Curtiss) prohibits home improvement contractors and other persons who supply materials or services in the improvement of real property from making mortgage loans or of being mortgage loan brokers. An amendment to the bill corrects a Code citation. The bill was rolled one week to ensure the amendment is correct.

HB 0882 (Hood) adds International Building and International Fire Codes to the lists of codes that may be adopted by local governments as part of construction safety standards. The bill passed to Calendar and Rules.

HB 0742 (Fitzhugh) establishes provisions for demand drafts, or unsigned authorized instruments, which have become increasingly popular in telephone-generated transactions involving telemarketers. Under the bill, the liability for the unauthorized draft would shift from the payor bank to the depository bank, which would have recourse against the telemarketer that initiated the transaction. The bill passed to Calendar and Rules.

HB 1745 (Fitzhugh) extends the reporting deadline of the special joint committee created to analyze predatory lending to February 28, 2004. The bill passed to Finance, Ways & Means.

HB 0542 (Ferguson) is a housekeeping bill that corrects language in the code regarding real estate brokers' licenses. An amendment rewrites the bill, stating the license of a broker, time-share salesperson or acquisition agent who fails to deliver all documentation and pay all renewal fees no later than sixty days prior to the expiration of the license shall not be renewed until a penalty fee is paid and all documentation delivered. The Committee went into recess to hear from Russ Farrar of the Tennessee Association of Realtors, who said the bill as amended gives flexibility for the reinstatement of licenses and eases the process. The bill passed as amended to Calendar and Rules.

HB 0824 (Head) has an amendment that rewrites the bill and clarifies that special rates and terms negotiated between public utilities *that are telecommunication providers* and business customers shall not constitute price discrimination. The amendment also allows the

TRA to bring an action to set aside the special rates. The bill passed as amended to Calendar and Rules.

HB 0933 (Hargrove) prohibits the unauthorized use of financial institution logos or names and prevents false representations of financial institution endorsements of product advertisement. An amendment to the bill deletes the list of prohibited acts. The bill passed as amended to Calendar and Rules.

HB 1066 (Hargrove) is a housekeeping bill that deletes the restriction on check cashing charges held invalid by a federal district court, removes the requirement for banks to mail notices to lessees of safe deposit boxes that the law changed, and reduces the limitation from 5 years to 3 years for acquisition of a bank. An amendment to the bill removes Section 1, which extends the period of time for disposing of repossessed personal property from six months to one year. The bill passed as amended to Calendar and Rules.

Industrial Impact Subcommittee

The **Industrial Impact Subcommittee** met Tuesday, April 1, to consider nine bills. **HBs 0792** (McKee), **1246** (Chumney), **0577** (Sontany), and **1656** (J. DeBerry) were rolled one week. **HB 0267** (Shepard) and **HJR 0048** (McKee) were rolled to the last calendar of the subcommittee. **HBs 0711** (Towns) and **1482** (Armstrong) were taken off notice.

HB 1386 (McKee) passed to full committee. The bill's intent is to stabilize the TennCare health care provider network, assuring providers of timely payments, and requiring the Comptroller to report on the adequacy of provider networks. An amendment now filed in the Senate rewrites the bill, requiring health insurance companies, including TennCare managed care organizations, to reimburse non-participating providers for emergency services. In addition, TennCare cannot mandate what the MCOs are to pay the providers. Chairman McKee asked that the bill be moved to full committee, where it can be worked on.

Chairman McKee announced that Industrial Impact, like other Commerce subcommittees, would shut down in the next two to three weeks and asked that all bills going through Industrial Impact be put on notice.

Utilities and Banking Subcommittee

The **Utilities and Banking Subcommittee** met Tuesday, April 1, with six bills on notice.

HB 1600 (West) reduces from seven to three years the amount of time a bankruptcy can prevent a person from becoming a collection agency location manager. The bill was rolled one week.

HB 0417 (McDaniel), which requires all utility operators to belong to the one-call service for receipt of notifications of excavation or demolition operations, was taken off notice.

HB 1065 (Brooks, Shelby) revises provisions of the telecommunications assistance program for small and minority-owned businesses developed by the Department of Economic and Community Development. An amendment to the bill mirrors the existing statute but removes the portion regarding grants. The Subcommittee went into recess to hear from Comptroller John Morgan, who spoke in favor of the bill because it broadens the purpose of the program fund and allows for loans instead of just loan guarantees. The bill passed as amended to full committee.

HB 0575 (Fitzhugh) clarifies that no provision of the Electronic Transaction Act shall limit, modify, or supercede the federal E-Sign Act unless otherwise permitted. The bill passed to full committee.

HB 1276 (Patton), which requires licensees of deferred presentment services to preserve records for at least three years instead of two, was rolled to the last calendar.

HJR 0074 (Rinks) creates a special joint committee to study permitting merchant electric generating plants and the associated economic and environmental issues. The resolution passed to full committee.

Small Business Subcommittee

The **Small Business Subcommittee** met Wednesday, April 2, with eight bills on calendar, rolling five and taking one off notice.

HB 0949 (Tidwell), which exempts from continuing education requirements engineers who are 60 years of age or older and who have been licensed for more than ten years, was rolled one week.

HB 0976 (Bowers) transfers the administration of Title V of the federal Older Americans Act, which deals with the employment of older workers, from the Commission on Aging and Disability to the Tennessee Department of Labor and Workforce Development. The Subcommittee went into recess to hear from Comptroller John Morgan, Carolyn Sterns of Senior Services, Dart Gore of the

Tennessee Department of Labor and Workforce Development, and Charles Hewgley of the Commission on Aging and Disability. After hearing from all these, the members of the Subcommittee and Chairman Hargrove were still not comfortable they knew exactly where each agency stood on the bill and what the effects would be on each agency if the bill passed. The bill was rolled one week at the subcommittee's request.

HB 1274 (Curtiss), regarding motor vehicles, was rolled one week, as well as **1277** and **1279** (Hargett), regarding real estate agents and brokers.

HB 1289 (Turner, B.) removes private protective service contractors from the general contractor law when such service providers are performing functions for which such entities are certified. The bill passed to full committee.

HB 1595 (West), which applies regulation of entry into the limousine industry to all counties, was taken off notice.

HJR 0059 (Hackworth), which creates a special joint committee to study economic development in industrial zones, was passed to full committee.

Conservation & Environment

Greg E. Adkins

The **Full Environment Committee** didn't meet during the first week of April 2003.

The **Wildlife Subcommittee** didn't meet on April 1, 2003.

Environment Subcommittee

The **Environment Subcommittee** met on Tuesday, April 1, 2003 and considered 5 bills. Only **HB 1412** by Rep. Davidson passed to full committee. The bill requires the Agriculture Commissioner to calculate the annual amount of agricultural water usage. **HB 170**, **HB 603**, and **HB 480** were rolled one week. **HB 1829** was rolled two weeks.

Parks & Tourism Subcommittee

The **Parks Subcommittee** met on Wednesday, April 2, 2003 and passed two bills to full Committee. **HB 2033** by Reps. Hood and McMillan revises the description of

Shelby Farms-Lucius E. Burch as natural areas and increases the size of some existing natural areas. **HB 950** by Rep. Tidwell prohibits management of state golf courses to give away free golf to public officials for life or for an extended length of time unless approved by the Senate and House Environment Committees.

Consumer & Employee Affairs

Shannon Romain

The **Consumer and Employee Affairs** full committee did not meet this week because there were no bills on the calendar.

Consumer Affairs Subcommittee

In the **Consumer Affairs Subcommittee** **HB 1551** and **1552** (both by Rep. Hargrove) were referred to the full committee. **HB 1551** (Rep. Hargrove) decreases the dormancy period for reporting gift certificates as abandoned property from the earlier of two years or the certificate's expiration date. If the gift certificate was issued after December 31, 1998, it may be reported as abandoned property if it has no expiration date or the issuer does not impose a dormancy charge.

HB 1552 (Rep. Hargrove), as amended, reduces from five to three years, the period of time that an insurance company that converts from a mutual structure to a stock ownership structure, must hold the funds or shares of an owner that cannot be located, before reporting it to the Treasurer as abandoned property. The bill also clarifies the right of the Treasurer to examine the records of certain companies to determine if unclaimed funds have been properly reported. Furthermore, it clarifies that the Treasurer has the authority not to assess penalties or to waive assessed penalties in certain situations when unclaimed funds or shares have not been reported timely.

HB 0765 (Hackworth) requiring the secretary of state to develop an Internet Web site posting the financial information of registered charities was taken off notice.

Employee Affairs Subcommittee

In the **Employee Affairs Subcommittee**, **HB 2010** (Rep. McMillan) was referred to the full committee. The bill requires manufacturing employers to provide employees with a copy of the workplace chemicals. The employee must sign the list upon review and a file must

be maintained of all of the employees' signatures during the employee's term of employment. **HB 1006** pertaining to Worker's Compensation was taken off notice and the following bills were deferred:

HB 0883 (Rep. Bowers) Salaries and Benefits
HB 0421 (Rep. McDaniel) Employee, Employers (The Living Wage)
HB 2012 (Rep. McMillan) Salaries and Benefits

Education

Pam Mason

The Full Committee

Two bills were considered in the Full Committee.

Passed to Finance, Ways & Means:

HB 303 - (McMillan) as amended, requires that new students at any public or private institution of higher learning, who live in on-campus student housing, shall return a completed waiver regarding meningococcal disease. This form will indicate the availability and effectiveness of the vaccine and that the student, parent or guardian has received the information and chosen for the student to have or not have the vaccine. If the student has received the vaccine, the date of such must be given. This information will be filed in the medical files on campus and are confidential.

Deferred for one week:
HB 1665

Phyllis Hodges, Tennessee Food Service Association, addressed the committee and presented the members with a school lunch from their group.

K-12 Subcommittee

Four bills on the Tuesday calendar were recommended to Full Committee.



*Chairman Towns
K-12 Subcommittee*

HB 1175 - (Brown) redefines in the TCA "low performing schools and school districts" as "high priority schools and school districts."

HB 995 - (Winningham) removes the prohibition of new special school districts and allows for any county or municipal system to convert to a special school district by majority vote of the affected board of education and local governing body.

HB 2014 - (McMillan) allows for electronic dissemination of public chapters on education to LEAs.

HB 2015 - (McMillan) revises criteria for determining at-risk-children for preschool and early learning programs from living below the poverty line to those qualifying for free and reduced lunch.

Taken off notice:

HB 898
HB 252
HB 1639
HB 2052

Higher Ed Subcommittee

One bill was recommended to the Full Committee:

***HB 808** - (McKee) allows persons in needed areas of teaching and nursing to take free courses at public higher education institutions.

Deferred for one week:

HB 550
HB 1421

Deferred for two weeks:

HB 1309

Taken off notice:

HB 1461

*Although recommended to the Full Committee, this bill will be placed in the special subcommittee to address the fiscal note.

The Higher Education Commission, the University of Tennessee, The Board of Regents and the Tennessee Student Assistance Corporation will present their budgets immediately after session, Thursday, April 3rd, in LP 16.

Finance, Ways & Means

Cathy Higgins

The Full Committee Tuesday, April 1, 2003

The full committee met on Tuesday, April 1, 2003, with six bills on calendar. All were **referred to Calendar and Rules**, except for HB 0790 (West) which was taken off notice at the sponsor's request.

HB 1029 (Rinks) provides a highway sign to honor Jesse Glynn Brasher, in Decatur County. The cost of the sign will come from non-state sources.

HB 0229 (Garrett) provides highway sign for Nossi College of Arts. The cost of the signs will come from non-state sources.

HB 0661 (Brooks of Knox) authorizes a new license plate for Alpha Delta Pi Sorority. The bill allocates 50 percent of the revenue to the Alpha Delta Pi Sorority to benefit the Ronald McDonald House Charities, 40 percent to the Arts Commission, and the remaining 10% to the State Highway Fund.

SJR 0082 (McMillan) requests the State Insurance Committee to determine the necessary steps to make available to state employees and retirees a voluntary, comprehensive vision program.

HB 1023 (Fowlkes) will require a motorist to make a lane change, if possible, and reduce their speed if approaching a stationary emergency vehicle with flashing lights, a stationary recovery vehicle or a stationary highway maintenance vehicle. Also attaches a Class C misdemeanor for a violation.

Budget Subcommittee Wednesday, April 2, 2003

Budget Subcommittee met on Wednesday with several bills on calendar this week. House Bills 1664 (Cooper, B) and 1459 (Chumney) were taken-off notice at the request of the sponsor. Several bills were rolled to future calendars.



**Chairman Fitzhugh
Budget Subcommittee**

The following bills were **referred to full committee**:

HB 1257 (McMillan) as amended, requires the Registry of Election Finance to develop an Internet-based electronic filing process for use by all candidates for state public office and all political campaign committees required to file with the registry. The timeline for implementation is the 2004 regular August election. A fee structure is established that will ensure the system is self-sufficient.

HB 1077 (Shaw) from Pensions and Insurance, will permit a retired employee of a county to return to service with the State of Tennessee and receive public funded compensation while also receiving his/her pension retirement benefit. Additional accrued retirement credit will not be permitted. As amended in Pensions, a two-thirds vote of the local legislative body is required to authorize the continuation of retirement benefits.

HB 1808 (Rinks) permits the Department of Revenue to contract with an attorney or debt collection agency to collect unpaid taxes, licenses, fees, interest or penalties from in-state and out-of-state taxpayers.

HB 2003 (McMillan) requires any sales and use tax dealer to file an electronic tax payment when the dealer is consistently liable for \$10,000 or more within a tax period.

HB 1945 (Hargrove) permits the Treasurer to immediately sell property if it is a marketable security and the market value is less than \$500.

HB 1802 (Rinks) changes the minimum payment of the quarterly franchise and excise tax installments from the lesser of 25% of prior year's liability or 25% of 80% of current year's liability to the lesser of 25% of tax shown on last year's return or 25% of 100% of current year's liability. This will put Tennessee's statute in line with federal law.

HB 1470 (Head) revise procedures used by the property assessor for nonstandard valuation in assessment of tangible personal property.

HB 1469 (Head) as amended, revises the procedures for filing tangible personal property schedules and permits the assessor to grant an extension to April 15. The amendment addresses the deadline extension and deadline for a notice of forced assessment in Shelby County.

HB 1895 (Head) gives the Board of Equalization jurisdiction to assess the actual costs of a hearing or

processing an appeal against an appellant not determined to be indigent. This will help the Board defray some of the costs of processing appeals or conducting hearings.

(See page 15 for summaries of recent departmental budget presentations before the Finance, Ways and Means Committee.)

Government Operations

Brian Zuzenak

The **House Government Operations Committee** met at 10:00 on Tuesday to consider twenty pieces of legislation.

HB 1790 (Rowland) was referred to Transportation. It requires an applicant to provide a social security number or INS documentation for a driver's license.

HB 0253 (Stanley) was referred to Transportation as amended. It requires license suspension of an at-fault driver that hits a pedestrian minor. An amendment clarifies the appropriate subsection.

HB 0484 (Winningham) was referred to Education. It allows full-time teachers to attend one course per term at any state-supported institution of higher education without charge.

HB 0787 (Newton) was referred to Education. It requires that all funds from the lottery be used for educational purposes.

HB 0806 (Harwell) was referred to Judiciary as amended. It adopts the National Crime Prevention and Privacy Compact. An amendment establishes a termination date of June 30, 2005.

HB 0736 (Hood) was referred to Transportation. It revises a regional transportation authority.

HB 0233 (Bone) was referred to Education. It enacts the Tennessee National Guard Tuition Assistance Act.

HB 1568 (McCord) was referred to Conservation. It establishes the Tennessee Off-Highway Motor Vehicle Act.

HB 1244 (Chumney) was referred to Health as amended. It enacts the Tennessee Children's Product

Safety Act. An amendment clarifies that the Department of Health has jurisdiction of the Act.

HB 1860 (Kernell) was referred to Commerce. It requires safety plans for the use of indoor pyrotechnics.

Sunset Review:

HB 1536 (Kernell) was referred to Calendar & Rules. It extends the termination date of the Interstate Compact on Detainers to 2009.

HB 1509 (Kernell) was referred to Calendar & Rules as amended. It extends the termination date of the Department of Financial Institutions to 2005. An amendment extends the date to 2007.

HB 1511 (Kernell) was referred to Calendar & Rules as amended. It extends the termination date of the Pest Control Board to 2009. An amendment requires the establishment of a conflict of interest policy.

HB 1493 (Kernell) was referred to Calendar & Rules. It extends the termination date of the Public Television Council to 2009.

HB 1970 (Kernell) was referred to Calendar & Rules. It extends the termination date of the Interstate Corrections Compact to 2009.

HB 1513 (Kernell) was referred to Calendar & Rules. It extends the termination date of the Compact on Probation and Parole to 2009.

HB 1528 (Kernell) was referred to Calendar & Rules. It extends the termination date of the Commission for Uniform Legislation to 2009.

HB 1462 (Chumney) was rolled one week.
HB 0024 (Turner) and **HB 1535 (Kernell)** were taken off notice.

Health & Human Resources

Judy Narramore

The Full Committee

The **Health & Human Resources Committee** met at noon on Tuesday, April 1, and referred **HB 2042** by Rep.

Armstrong to C&R. As amended, **HB 2042** authorizes third party payors or health insurance entities regulated by the Department of Commerce and Insurance and self-insured entities to share information with the Department of Health immunization registry regarding a child's immunization record. The amendment also relieves third party health insurance payors from liability arising from disclosure of a child's immunization record. The remaining bill on calendar, **HB 1069** by Rep. Godsey, was rolled one week by the sponsor.

Jerry Narramore, Immunization Program Director for the Department of Health, gave a presentation on the *Immunization Status of Tennessee's 24-Month Old Children*. A hard copy of the immunization powerpoint presentation may be obtained from Chairman Armstrong's office.

Mental Health Subcommittee

The **Mental Health Subcommittee** met Tuesday afternoon and referred **HB 1252** by Rep. McMillan to full committee. **HB 1252** allows property owned by the state developmental centers controlled by the division of mental retardation services to be sold or leased. The proceeds of such sale or lease would be deposited in a special trust fund earmarked for purposes of planning and developing programs for persons with mental retardation. The remaining seven bills on calendar were rolled one week by the respective sponsors; **HB 0236**, **HB 0546**, **HB 1751**, **HB 1702**, **HB 0974**, **HB 1900**, **HB 0791**.

Professional Occupations Subcommittee

Wednesday morning, the **Professional Occupations Subcommittee** had four bills on calendar. Rep. McMillan rolled **HB 1452** concerning dentistry practice for two weeks. Chairman Odom announced that there would be testimony on **HB 1452** next week. Rep. Shepard presented **HB 1116** concerning corporate lease arrangements with optometrists. The subcommittee went into recess for testimony from proponents and opponents of this legislation. Rep. Shepard subsequently rolled the bill two weeks to continue discussions with interested parties. The remaining bills on calendar, **HB 0268** by Rep. Shepard and **HB 1453** by Rep. Hagood, were rolled two weeks and one week, respectively.

Public Health & Family Assistance Subcommittee

The Public Health & Family Assistance

Subcommittee met Wednesday morning to consider 14 bills; five were referred to full committee. **HB 0434** by Rep. Patton as amended requires that an automated external defibrillator (AED) be registered within a reasonable time after placement of the AED. **HB 0673** by Rep. Kent requires that hearing aids be marked with the name of the manufacturer or distributor or model name or number, as well as the serial number and year of manufacture. **HB 1676** by Rep. S. Jones as amended requires that one member of the EMS Board be an EMT-P, or EMT, or RN, and that such member be nominated by the Tennessee Professional Firefighters Association. **HB 1779** by Rep. Pruitt removes from statute the amount of equity (\$4,600) in an automobile that is not calculated in determining eligibility for Families First. **HB 2037** by Rep. L. DeBerry allows the Department of Human Services to operate the Families First Program in the event of changes in federal law affecting the current waiver.

The remaining nine bills on calendar were rolled one week at the request of the respective sponsors; **HB 0641**, **HB 0669**, **HB 0707**, **HB 0708**, **HB 1037**, **HB 1060**, **HB 1089**, **HB 1768**, **HB 2039**. As a follow-up to last week's meeting, Chairlady Pruitt announced that there would be a *public hearing* on HB 0975 (services provided by the Commission on Aging and Disability) on Wednesday, April 9, 2003 at 2:30 PM (room TBA).

Health Care Facilities Subcommittee

The **Health Care Facilities Subcommittee** met at noon on Wednesday with four bills on notice. Chairman Overbey announced that the subcommittee would have its *final meeting* on April 16.

HB 1087 by Rep. L. DeBerry as amended, which clarifies existing CON statute and exempts home care organizations providing only professional support services from the CON process, was referred to full committee. Rep. Briley made brief remarks on **HB 1135** (Nursing Home Compassion, Accountability, Respect and Enforcement Reform Act) and then rolled the bill one week to allow members time to review the proposed amendment that rewrites the bill. The subcommittee went into recess to hear testimony in support of this legislation from a representative of AARP Tennessee. **HB 0608** by Rep. J. DeBerry and **HB 0556** by Rep. B. Turner were rolled one week and two weeks, respectively.

Judiciary

Paige Edwards

Criminal Procedure & Practice

On Tuesday, the **Criminal Procedure & Practice Subcommittee** met to consider 25 bills. **HB 95** by Representative Buck was referred to the **Constitutional Protections Subcommittee** and will be heard next week with the remaining handgun and firearm legislation. **HB 29** by Representative Turner (Davidson), **HB 1114** by Representative Shepard, **HB 1115** by Representative Shepard, **HB 1457** by Representative Chumney, and **HB 1594** by Representative West were taken off notice. **HB 270** by Representative Shepard was rolled for two weeks. **HB 281** by Representative Casada, **HB 605** by Representative J. DeBerry, **HB 652** by Representative Stanley, **HB 782** by Representative Patton, **HB 847** by Representative Armstrong, **HB 1145** by Representative J. DeBerry, **HB 1147** by Representative J. DeBerry, **HB 1231** by Representative Windle, **HB 1245** by Representative Chumney, **HB 1275** by Representative Patton, **HB 1641** by Representative West, and **HB 1901** by Representative McCord were rolled for one week.

The following six bills were **sent to the full committee**:

- **HB 92** by Representative Buck adds that a court may order a split confinement deferral as part of a judicial diversion proceeding. Under this bill, a court could sentence a qualified defendant to serve a portion of the sentence in continuous confinement and then defer further proceedings to place the defendant on probation. The probation would continue for the remainder of the maximum sentence minus the time spent in confinement and any sentence credits earned and retained while confined. This bill states that a qualified defendant must consent to the split confinement deferral and must plead guilty to the charged offense.
- **HB 539** by Representative Overbey, as amended, prohibits expungement of a defendant's records or charges when such defendant has been convicted of any offense or charge, including a lesser included offense or charge.
- **HB 1293** by Representative Fowlkes, as amended, clarifies the standard for issuing an arrest warrant. Also, this bill adds that a magistrate may issue a criminal summons when the affiant is not a law enforcement officer. This bill was drafted to rectify a conflict between Rule 4 of the Tennessee Rules of Criminal Procedure and the code.

- **HB 1415** by Representative Buck, as amended, revises the law for bail revocation. Under this bill, a defendant's bail would be revoked if such defendant is convicted of first degree murder and is sentenced to life without parole or death. Also, a defendant's bail would be revoked for committing a Class A felony, aggravated robbery, aggravated sexual battery, aggravated kidnapping, or controlled substance offenses unless the court finds that the defendant is not a flight risk and does not pose a danger to the community. Furthermore, a defendant convicted for these offenses could obtain bail if there is a substantial question of law likely to result in a reversal, an order for a new trial, or a reduced sentence. This bill was introduced to create compliance with the federal criminal court system.
- **HB 1696** by Representative Casada, as amended, authorizes criminal, circuit, and general sessions court judges to require a cash deposit bond in cases involving worthless checks, child custody or support violations, or probation violations.
- **HB 441** by Representative Bowers sets a ten-day time limit for admitting a defendant into a facility for a court ordered pre-trial mental evaluation. Under this bill, a defendant, who is ordered to be hospitalized due to the mental evaluation, would be admitted to a facility no longer than ten days from the receipt of the order subject to available accommodations.

Constitutional Protections

On Tuesday, the **Constitutional Protections Subcommittee** met to consider 19 bills. HB 561 by Representative Brooks (Shelby), HB 947 by Representative Tidwell, and HB 867 by Representative Brooks (Shelby) were rolled for one week. All of Representative West's bills on the calendar were rolled for two weeks. Also, HB 452 by Representative Bittle was rolled for two weeks.

The following two bills were **sent to the full committee**:

- **HB 594** by Representative Pleasant, as amended, sets operating hours for private outdoor shooting ranges in Shelby County as an effort to control noise in nearby neighborhoods.
- **HB 63** by Representative Overbey authorizes a county magistrate, who is bonded and has successfully completed a firearm-training program, to carry a handgun at all times. This authorization would be given pursuant to a written directive by the executive supervisor of the organization to

which the magistrate is attached. This bill was considered during the 102nd General Assembly and passed in the House of Representatives.

Judicial Administration

On Tuesday, the **Judicial Administration Subcommittee** met to consider seven bills. HB 837 by Representative Head and HB 1320 by Representative Brooks (Knox) were rolled for one week.

The following five bills were **sent to the full committee**:

- **HB 796** by Representative Patton reduces the number of years of credible service for a state justice or judge to request designation as a senior justice or judge. This bill would reduce the number of years of credible service from eight to five years.
- **HB 1405** by Representative Davis, as amended, allows traffic violations to be appealed to the circuit court within ten days from the date of the decision.
- **HB 1673** by Representative Matheny requires the presiding general sessions criminal judges in counties that appoint judicial commissioners to establish qualifications and training necessary for a person to be appointed as a judicial commissioner (magistrate). Present judicial commissioners would be required to meet the qualifications and requirements established by the judge to be eligible for reappointment.
- **HB 499** by Representative Buck, as amended, requires that the general sessions clerk or clerk and master to serve as the juvenile court clerk in counties where the general sessions court is also the juvenile court. This transfer would occur no later than July 1, 2006. Also, this bill would remove the authority for the county legislative body or special juvenile court judge to designate a clerk to serve as clerk of the special juvenile court. This bill would not affect special juvenile courts authorized by law or elected juvenile court clerks.
- **HB 491** by Representative Buck, as amended, transfers probate duties from county clerks to other clerks in the county who serve in courts with probate jurisdiction. This transfer would occur no later than July 1, 2006. The amendments that were added in the subcommittee would exclude the provisions of this bill from the counties of Rutherford, Cumberland, Loudon, and Putnam.

Civil Procedure & Practice

On Wednesday, the **Civil Procedure & Practice Subcommittee** met to consider 26 bills. HB 1063 by Representative Ferguson was withdrawn. HB 780 by Representative Patton was rolled to 2004. HB 171 by Representative Briley, HB 477 by Representative Winningham, HB 644 by Representative Maddox, HB 1974 by Representative McMillan, and HB 1083 by Speaker Pro Tem DeBerry were taken off notice. HB 451 by Representative Todd, HB 591 by Representative Pleasant, and HB 1789 by Representative Briley were rolled for two weeks. HB 189 by Representative Turner (Davidson), HB 761 by Representative Todd, HB 977 by Representative Bowers, HB 1001 by Representative Johnson (Loudon), HB 1073 by Representative Godsey, HB 1846 by Representative Bunch, HB 2005 by Representative McMillan, HB 177 by Representative Fowlkes, HB 1474 by Representative Briley, HB 1602 by Representative West, HB 820 by Representative Overbey, HB 706 by Representative Towns, and HB 709 by Representative Towns were rolled for one week.

The following three bills were **sent to the full committee**:

- **HB 541** by Representative Ferguson, as amended, provides that no cause of action may be instituted against a real estate agent for information contained in any reports or opinions prepared by an engineer, land surveyor, geologist, wood destroying inspection control expert, termite inspector, mortgage broker, home inspector, or other home inspection expert. Also, under this bill, no cause of action would be brought against a real estate agent for any information contained in the residential property disclosure form, unless the agent is the signatory to the form.
- **HB 2040** by Representative McMillan, as amended, imposes additional sanctions against the license or certificate holder involved in a contested disciplinary case with the department of health. Under this bill, the division, board, council or committee that hears the case would have the discretion to require the license or certificate holder to pay the actual and reasonable costs of the investigation and prosecution of the case.
- **HB 1378** by Representative Turner (Hamilton) authorizes a court to order a minor to undergo an evaluation for psychiatric or psychological treatment for committing acts that constitute cruelty or aggravated cruelty to animals. If the court determines that psychiatric or psychological

treatment is needed, then the court would be authorized to order treatment. The court would require the parents or guardians of the minor to pay all or a portion of the treatment, unless the parents or guardians are indigent.

The Full Committee

On Wednesday, the **Full Judiciary Committee** met to consider ten bills. HB 296 by Representative Windle was rolled for one week.

The following six bills were sent to **Calendar & Rules**:

- **HB 597** by Representative Coleman revises the present law concerning fraudulent conveyances and adds the Uniform Fraudulent Transfer Act. The provisions of this bill would update the law concerning fraudulent transfers and creditors' rights. This bill references the same terminology that is provided in the federal bankruptcy code. The intent of this bill is to provide uniformity for credit transactions and commerce in all states. Similar statutes have been adopted in 41 states.
- **HB 1727** by Representative Fowlkes extends the statute of limitations for securities fraud under the Tennessee Securities Act. Under this bill, an action may be maintained before the expiration of five years after the act or transaction constituting the violation. Also, an action may be maintained before the expiration of two years after the discovery of the facts constituting the violation.
- **HB 1018** by Representative Wood extends the provisions under the Educational Records as Evidence Act to include post-secondary institutions. Under this bill, post-secondary institutions would be authorized to provide educational records as evidence in civil or criminal cases.
- **HB 2036** by Representative McMillan adds the commissioner of the department of human services to the victims of crime state coordinating council.
- **HB 1040** by Representative Rinks, as amended, includes vested correctional clerical officers in the definition of "law enforcement officer" to authorize such individuals to carry a firearm at all times.
- **HB 559** by Representative Brooks (Shelby) establishes the Tennessee Title VI compliance commission created by former Governor Sundquist through Executive Order No. 34 in August 2002. This bill was amended in the House Government Operations Committee to sunset this commission on June 30, 2005, unless continued pursuant to the Tennessee Governmental Entity Law.

The following three bills were sent to **Finance, Ways & Means:**

- **HB 543** by Representative Ferguson, as amended, requires all nursing homes to conduct a criminal history background check on any person who is employed as a direct care employee. The criminal background check would occur within seven days of employment. Any costs incurred by the TBI, professional background screening organization, law enforcement agency, or other legally authorized entity would be paid by the nursing home, any agency that contracts with the state requesting such investigation or information, or the individual who seeks employment or is employed. The costs of conducting the criminal background check would be an allowable cost under TennCare, if paid for by the nursing home. The provisions of this bill would apply to any company, organization, or agency that provides or arranges for direct care staff to be employed in any licensed nursing home in the state.
- **HB 1784** by Representative Wood provides access to criminal histories to additional counties with populations over 100,000 for licensing and regulating persons who operate vehicles for hire or employ persons who transport members of the public. This bill would enable these counties to choose to disqualify someone for a license or permit or refuse to hire someone because of a specified criminal conviction. Applicants in these counties would supply fingerprints and undergo a criminal record investigation. The costs incurred by conducting the criminal record investigation would be paid by the government entity making the request. In addition to Davidson and Shelby Counties, this bill would apply to Blount, Hamilton, Knox, Montgomery, Rutherford, Sullivan, Sumner, Washington, and Williamson Counties.
- **HB 558** by Representative Brooks (Shelby) authorizes a person to file a discrimination complaint under Title VI of the Civil Rights Act with the Title VI compliance commission that was created by Executive Order No. 34 by former Governor Sundquist in August 2002. Under present law, complaints are subject to review by the Tennessee Human Rights Commission. This bill would remove the authority of the Tennessee Human Rights Commission to review these complaints.

State & Local Government

Lawrence Hall, Jr.

The Full Committee

This week in the **State and Local Government full committee**, **HB 1249** by Rep. McMillan was passed to Calendar and Rules. This bill requires members of the general assembly to disclose consulting fees received from persons or entities doing business with the State of Tennessee. **HB 1904** by Rep. Davis defines "notice" (with regards to providing notice on the status of a license application of an adult oriented establishment) to mean that notification requirements are met three days after mailing the notice. This bill passed to Calendar and Rules. **HB 0001**, by Rep. Newton, was rolled for one more week. This is the lottery implementation bill. The members considered several amendments to the bill and will complete its business next week. This legislation will establish a corporation to operate the daily affairs of the Tennessee lottery.



Rep. Newton

State Government Subcommittee

State Government Subcommittee passed **HB 1737**, by Rep. Maddox, to full committee. This bill increases state longevity payments from \$100 to \$150 per year of service. **HB 1649**, by Rep. McMillan, grants an annual cost-of-living salary increase to all state employees. This bill was later amended to create a study of a cost-of-living increase and passed on to full committee.

Local Government Subcommittee

Local Government Subcommittee passed **HB 465**, by Rep. Overbey to full committee. This bill creates a procedure for both the annexing municipality and the county to determine the cost to be paid for providing utility services. **HB 897**, by Rep. Cooper (Shelby), was also passed to full committee. This bill will allow cities and counties to create neighborhood revitalization zones. **HB 718**, by Rep. Vincent, went to full committee. It allows utility systems to accept contributions through voluntary programs that will round-up utilities and provide those contributions to legitimate charities.

Elections Subcommittee

Elections Subcommittee sent **HB 1561**, by Rep. Jones (Shelby), and **HB 1917** by Rep. Turner (Davidson) to full committee. **HB 1561** requires the state election coordinator to establish rules to determine valid voter registration forms. **HB 1917** will increase the amount of money that a political action committee may contribute to reflect the percentage of change in the average consumer price index.

Transportation

Greg E. Adkins

The Full Committee

The **Full Transportation Committee** met April 2, 2003 and considered 9 bills.

The following bills were rolled one week:

1. **HB 1054** by Rep. McCord--The bill would allow a motorcycle to stop at a traffic light and if the vehicle detection device doesn't trigger the light to change then with due caution the motorcyclist can proceed through the red light.
2. **HB 819** by Rep. Pinion--The amended bill would require an individual acquiring a drivers license from the Department of Safety to either have a Social Security Number, or an ITIN # and legal presence.
3. **HB 952** by Rep. Tidwell--Present law requires that all persons driving or riding a motorcycle to wear a *crash* helmet that is approved by the National Highway Transportation Safety Administration (NHTSA). The bill would require the driver or the rider to wear a *motorcycle* helmet. The bill would also exempt persons 21 years of age and older from wearing a helmet while riding a motorcycle; present law requires everyone to wear a crash helmet at all times.

HB 1373 by Rep. Sharp passed to C&R as amended. The amended bill authorizes specific service sign categories to be *lodging and food* at Exit 1 on I-75 in Hamilton County. **HB 719** by Rep. Pinion passed to FW&M. The bill would clarify that a motorist would get a traffic ticket at any time when speeding within a highway construction zone. Under current law, a motorist can only be fined when workers are present and the caution lights are blinking. **HB 1763** by Rep. Litz passed to FW&M as amended; the bill authorized the "Merchants/Green Boulevard" highway sign and the

amendment allows anyone outside of state government to pay for the sign. **HB 1486** by Rep. Rowland passed to FW&M. The bill authorizes the issuance of Girl Scouts new specialty earmarked license plates. **HB 1747** by Rep. Harwell passed to C&R. The bill empowers CSX to abandon a particular railroad right-of-way in Davidson County for the purpose of clearing up title to the real property. **HB 874** by Rep. Johnson R. passed to C&R; the bill authorizes the Department of Safety to issue judiciary plates for motorcycles.

Public Safety & Rural Roads Subcommittee

The **Public Safety & Rural Roads Subcommittee** met on April 1, 2003 and considered four bills. **HB 406**

passed to full committee as amended. The amendment rewrites the bill with comprehensive changes to the child seat belt safety law. The proposed legislation clarifies which child restraint devices should be used for different age groups and physical characteristics (i.e. the height and weight of a child). **HB 660** by Rep. Brooks (Knox) was passed to full committee as amended. The bill clarifies that a violation for failure to yield to a funeral procession is only a civil offense and not criminal. **HB 564** by Rep. Brooks (Shelby) passed to full committee as amended; the amended bill prohibits a bus driver from using a handheld cell phone while driving a school bus. **HB 1284** by Rep. Odom was rolled one week.



*Chairman Fraley with
Vice Chair Pleasant at the
Public Safety meeting*

Public Transportation & Highways Subcommittee

The **Public Transportation and Highways Subcommittee** met on April 2, 2003 and considered three bills. **HB 1688** by Rep. Head passed to full committee. The bill authorizes cancellation of certificate of title for the purposes of securing loan financing for mobile homes. The bill also removes length restrictions on annual permit movements for mobile homes. **HB 1912** by Rep. Head passed to full committee as amended. The bill authorizes a new specialty earmarked license plate to honor Tennessee nurses. The amendment

clarifies the allocation of the funds will be consistent with current statute. **HB 788** by Rep. Casada passed to full committee. The bill authorizes the *Choose Life* new specialty earmarked license plates.

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Notice:

Week of April 7th: Budget Hearings

April 8th - Veterans Affairs

Commission on Human Rights

Tennessee Advisory Commission (TACIR)

April 9th - Department of Correction

Probation and Parole

Alcoholic Beverage Commission

Tennessee Corrections Institute

April 10th - TennCare

Mental Health & Developmental Disabilities

Commission on Aging

Finance & Administration Health Services

Commerce & Insurance on TennCare Oversight

The Budget Hearings



Department of Personnel

Lawrence Hall, Jr.

Research Analyst, State and Local Government Committee

On March 19, 2003, the Department of Personnel presented its budget for fiscal year 2003-2004 to the House Finance, Ways, and Means Committee. Representatives from the department making the presentation were Commissioner Randy Camp, Deputy Commissioner Nat Johnson, Assistant Commissioner James Floyd, and Fiscal Director Mark Conner.

Commissioner Camp provided an overview of the recommended budget reductions and stated that the department should be able to run efficiently with the recommended reductions, which total \$571,300. The department provided information and handouts that detailed the recommended reductions. The reductions are listed as follows:

-Sick Leave Bank	Replaces state dollars for administrative costs with "other" revenue. State (\$85,000) Other \$85,500 Total \$ 0
-Systems	Eliminates funding for the Personnel System rewrite. State (\$100,000) Total (\$100,000)

(continued)

Department of Personnel - (Reductions, cont.)

-Human Resources Reduce Professional Services funding in the Assistant Commissioner's cost center.

State (\$30,000)

Total (\$30,000)

-Examinations Reduce professional staff and support staff.

State (\$186,000)

Total (\$186,000)

-Administrative Services Abolish Vacant Clerk 3

State (\$ 24,000)

Total (\$24,000)

-Training Reduce funding for the Leadership Development Initiative by
Phase 1: Eliminate Managing Performance and Coaching, and limit
seats in the remaining class offering of Organizational Policies and Practices.

Phase 2: Eliminate the individualized Development Plan, limit the number of courses,
which can be developed or purchased, and limit the number of seats available to supervisors and
managers for the newly purchased or developed courses.

Other (\$231,800)

Total (\$231,800)

TOTAL REDUCTIONS State (\$425,000)
Other (\$146,300)
TOTAL (\$571,300)

The department later reported that all state employees that were placed on active military duty would receive a supplement that will result in them receiving 100% of their salaries as well as full payment of their benefits.

Comptroller of the Treasury

Denise Sims

Director, House Research Division

Comptroller John Morgan, Charles Harrison, Director of Management Services and Assistant to the Comptroller, and Tony Turner of the Office of Management Services appeared before the Finance, Ways and Means Committee on both March 25th and 27th to present their summary of FY '03-'04 budget recommendations.

Comptroller - (cont.)

The recommended budget is as follows:

	<u>'02-'03</u> <u>Estimated</u>	<u>'03-'04</u> <u>Recommended</u>	<u>Change</u> <u>over '02</u>
<u>Expenditures (Operating Codes)</u>			
Funding Source:			
State Appropriation	\$35,512,100	\$32,223,200	(9.3% reduction)
Current Services	2,987,100	5,209,500	
Inter-Departmental	6,177,500	6,157,500	
Surplus and Reserves	100,000	100,000	
Subtotal	<u>\$44,776,700</u>	<u>\$43,690,200</u>	
<u>Expenditures (Tax Relief)</u>			
Funding Source:			
State Appropriation	\$10,000,000	\$10,000,000	
Subtotal	<u>\$10,000,000</u>	<u>\$10,000,000</u>	
Grand Total	<u>\$54,776,700</u>	<u>\$53,690,200</u>	

To achieve the nine percent reduction mandate, a total of **\$3,186,900** was identified and cut from state appropriations. Comptroller Morgan said in order to craft a solution to meet that reduction request, several steps were taken.

1) Reductions in the Operating Budget.

- In the Division of State Audit, three (3) positions* will not be funded. With salary, benefits and travel, that represents \$175,000.
- In the Division of County Audit, a reduction in travel means \$15,000.
- In Municipal Audit, a reduction in travel means \$10,000.
- In Property Assessments, six (6) positions* will not be funded. With salary, benefits and travel, that represents \$219,500.
- Reduction in County Reappraisal Grants (State Bd of Equalization) results in \$398,600.
- Lengthening the equipment replacement cycle from 3 to 5 years results in \$202,300.

** These positions are not abolished. Comptroller Morgan says leaving them unfunded keeps the office from having to re-establish the positions in case funds are there. The positions are legislative auditors (3), court technicians (2), and appraisal analysts (4).*

(continued)

Comptroller - (Reductions, cont.)

2) Additional Revenue to Replace State Appropriations

- County Audit -- A total of \$1,950,000 will be generated from direct costs recovered from counties for audit services.* (This \$1.9 million is a large part of what the office proposes to do to meet the 9% cuts.) The Comptroller said that represents about 75% of the costs of the audits. This does result in an increase in what the counties will pay, however, according to Mr. Morgan, if his office were to recover that amount, that would be an "appropriate relationship." When questioned by members about the additional amount facing many counties, he pointed out that even if his office were to recover 100% of the direct, real cost of the audits, there would still be substantial variations from county to county due to the county's preparation or lack thereof for the audit.

** Direct costs are actual time spent and staff involved in conducting county audits. The 75% recovery is within provisions of the Omnibus Bill in Administration.*

3) Other Identified Grant Reductions

- Cuts in Property Appraiser Certification Grants representing \$5,400.
- Cuts in Property Reappraisal Grants representing \$161,100.

Total \$3,186,900

Comptroller Morgan also reviewed six priority improvements totaling \$1.5 million that were not recommended, but that strengthened office services. They included additional staffing to maintain client server applications and related databases, staff to analyze K-12 performance pursuant to the Educational Improvement Act of '92, staff for system support, and improvements in other areas.

Department of the Military

Shannon Romain

Research Analyst, Consumer & Employee Affairs

On Wednesday, March 26th, the Finance, Ways and Means Committee reviewed the proposed FY2003 -04 budget for the Military Department of Tennessee. General Gus Hargett presented opening remarks and updated the committee on the status of deployed personnel. Currently, there are 14,200 in the Tennessee National Guard. Approximately 25% are mobilized and deployed in over 50 countries, including Iraq, representing about 3,500 service members, 50 of whom are state employees.

The Military Department is comprised of three major divisions: the Army National Guard, the Air National Guard, and the Tennessee Emergency Management Agency (TEMA). It is organized into three functional areas: administration, National Guard and emergency management. The Department also oversees 93 operational armories across the state. Two armories were closed last year, and the Department anticipates additional closings and the consolidation of other facilities as a result of recruitment reductions.

(continued)

Department of the Military - (cont.)

The total recommended budget for FY 2003-04 is \$49,369,700 and includes improvement requests totaling \$1,313,900. The Department is requesting improvements as follows:

- TEMA Homeland Security - \$1,072,100 to provide funding for emergency response equipment, computer equipment, and network access for emergency services coordinators and funding for one support position.
- Air/Army National Guard Facilities - \$241,800 to provide funding for eight additional maintenance and safety positions for military facilities and for operational costs resulting from a loss of federal funds.

The Department did meet the Governor's objective to reduce funding by 9 percent. The total discretionary base adjustments for FY 2003-04 totaled \$832,200 and are listed below:

Program/ Adjustment	Description	Funding Saved
Administration	Reduce operational costs including travel, supplies, and equipment. Postpone computer replacement. Reduce payroll costs and abolish one vacant position. Eliminate 2 fleet vehicles.	\$127,300
Mediguard Program	Eliminate the state active payroll; travel costs, and supplies. Reduce medical screening.	\$39,900
Homeland Security	Federal funding has been obtained to replace state dollars for security contracts at 3 facilities.	\$355,100
Army National Guard Operations	Reduce operational supplies. Postpone computer replacement. Abolish 2 vacant positions. Eliminate 1 fleet vehicle.	\$186,400
Air National Guard Operations	Reduce in-state travel. Postpone computer replacement. Eliminate 1 fleet vehicle.	\$12,000
TEMA Operations	Reduce travel and supplies. Postpone computer replacement. Eliminate 1 fleet vehicle.	\$51,500
Armories Utilities	Reduce utility costs by postponing use of heating and air conditioning until later in the respective seasons.	\$60,000
Total Military Reductions		\$832,200

Federal Funding

For FY2003-04 federal funding exceeded departmental expectations - federal funds total \$38,282,100; state funds total \$9,324,100 and other dollars total \$1,763,500. As stated above, some of the increased federal funding will be used to replace state dollars for security contracts at three facilities, to offset state employee payrolls, and fund emergency management.

Operational Strength and Readiness

Currently, both the Air and Army National Guards are at full operational capacities of 90% and 89% respectively. Of the 10,628 members of the Army National Guard, 7.5% are female and 15% are African American. In the Air National Guard, 13% of the 3,610 assigned are females and 13% are African American.

General Hargett reported that the Department is not adequately federally funded for mobilization and deployment. The federal government funds up to 90% of full operational strength for readiness. Federal guidelines designate levels of operational readiness and the amount of funding necessary to support each level.

(continued)

Department of the Military - (cont.)

However, the federal government is not prohibited from funding state national guards at one certain level and requiring mobilization and deployment at higher levels. Such is the case in Tennessee. According to General Hargett, the Department was asked to deploy troops at higher levels than it was funded. He reiterated that as long as the Guard remained at 90% operational strength, inadequate funding would not have a detrimental effect on deployment.

Education

The Montgomery GI bill continues to be the primary source of educational funding for Tennessee Guardsmen. Tennessee continues to lose students to surrounding states that offer tuition assistance in addition to the GI bill. The loss represents, roughly, \$400,000,000 in annual revenue. He also predicted that a lottery would have a "negative effect" on the guard. According to General Hargett, if students are forced to chose between full tuition assistance from lottery scholarships or partial assistance from the GI bill the effect could have far reaching, detrimental implications for the Guard.

TEMA

TEMA is responsible for directing and assisting state and local governments in times of man-made or natural disasters. In FY2003-04 the agency will receive \$2,902,400 in state funding, \$11,782,600 in federal funding and \$1,075,100 from other sources. The agency will also receive \$5,000,000 in federal disaster relief grants. Recommended improvements funded with both state and federal money total \$1,072,100. Improvements primarily consist of funding for emergency response equipment; computer equipment and network access for emergency services coordinators.

Administrative Office of the Courts

Denise Sims

Director, House Research Division

Cornelia Clark, administrative Director of the Courts, presented the Tennessee court system's recommended budget for FY '03-'04 to the Finance, Ways and Means Committee on Wednesday, March 26th. The recommended budget totals **\$88,651,500**, of which **\$85,234,800 are state dollars**. The remainder is \$200,000 in federal revenue, and \$3,216,700 in interdepartmental and other revenues. The recommended budget includes \$4,670,900 in state dollars for improvements.

The improvement request of \$4,670,900 includes:

- \$370,900 to fund statutory pay-raises for judges,
- \$300,000 to provide funding for more attorneys appointed as guardian ad litem for dependent, neglected, and abused children, and
- \$4,000,000 for representation of indigent criminal defendants

That \$88.6 million includes the 2.5 % base reduction requested by Governor Bredesen. The proposed five adjustments are:

(continued)

Administrative Office of the Courts- (Adjustments, cont.)

<u>Program</u>	<u>Adjustment</u>	<u>Funding/Source</u>	<u>Positions</u>
Appellate & Trial Courts	Reduce judges' minimum law libraries	\$40,000 (state \$\$)	--
Appellate Court Clerks	Reduce clerk travel and supplies	30,000 (state \$\$)	--
AOC	Reduce AOC/tech travel	30,000 (state \$\$)	--
AOC	Reduce TNCIS project supplies	300,000 (state \$\$)	--
AOC	Reduce TNCIS project professional services	290,900 (state \$\$)	--
Total		\$690,000 (state \$\$)	

Director Clark pointed out that the reductions will have an impact. According to the information they provided the Finance Committee:

- a reduction in the judges' minimum law libraries will further reduce their hardback legal resources, and will force them to rely more on electronic sources;
- the cut in clerks' travel and supplies will restrict staff education, training and operations;
- the reductions in the Administrative Office of the Courts will restrict their ability to provide field services in many areas, including computers and training;
- slow their ability to expand beta sites to test TNCIS software; and
- delay implementation at TNCIS pilot sites.

Director Clark says about 66% of the AOC's total state appropriation budget has been identified by their office and by F&A's Budget Division as non-discretionary pass-through of funds mandated for specific entities.

Members of the committee also discussed with Director Clark the decision to fund statutory pay raises for judges when other departments made the difficult decision to suspend statutory salary increases due to fiscal constraints facing the State this year. Director Clark stated that salaries for judges couldn't be increased or decreased during a term of office. However, members of the committee argued that the salary should be considered level with no increases or decreases for the coming fiscal year.

The AOC was also asked to provide a list of contract employees. Director Clark provided a list of contracts that indicated only one contract employee - one for research related to the parenting plan.

(summaries continue on the next page)

Attorney General and Reporter*Denise Sims**Director, House Research Division*

On Wednesday, March 26th, the Finance, Ways and Means Committee heard the budget presentation for the Office of the Attorney General and Reporter. Attorney General Paul Summers was joined by Chief Deputy Attorney General Andy Bennett and Associate Chief Deputy Lucy Haynes.

General Summers said the office recommended adoption of the proposed budget which is **\$26,650,200** for FY '03-'04. Of that, \$15,130,400 are state dollars.

Attorney General and Reporter - Recommended Budget FY '03-'04 - Positions

Attorney General & Reporter	\$14,802,400 (state) 0 (federal) 10, 735,800 (other) \$25,538,200	317
Publication, Tennessee Reports	\$ 139,500 (state) 0 (federal) 0 (other) \$ 139,500	2
Special Litigation	\$ 188,500(state) 0 (federal) 784,000 (other) \$ 972,500	0
Total:	\$ 15,130,400 (state) 0 (federal) 11,519,800 (other)	
	\$ 26,650,200	319

The budget reflects no improvements. General Summers called the recommendations "reasonable," and said the office will manage the proposed budget cuts by reducing operating expenses such as maintenance, travel, library resources, equipment and other purchases. In meeting the Governor's request these reductions total \$383,100 in state dollars. Meanwhile, the office asks that consideration be given to their requests in future budget years to fund salary upgrades, and to be able to attract and keep competent and qualified attorneys and staff.

(summaries continue on the next page)

Tennessee District Attorneys General Conference

Denise Sims

Director, House Research Division

On Wednesday, March 26th, Executive Director James W. Kirby presented the Conference's budget recommendations for FY '03-04 to the Finance, Ways and Means Committee. Director Kirby said they were asked to cut 2 ½%, which abolishes five (5) state positions, and lowers the grade of about 19 others. That reduction amounts to \$920,200, although Director Kirby said about \$944,000 will actually be cut.

Director Kirby presented the Conference's budget overview as recommended by the Administration and pointed out that the statutory pay raises are not part of the recommended budget for FY 2003-04. The decision was made to suspend the pay raises as requested by the Administration.

Division	Base	Improvements
District Attorneys General	\$43,764,000	\$214,300
State:	42,140,400	214,300
Federal:	0	0
County:	233,700	0
Current Services:	147,200	600
Interdepartmental:	1,242,700	5,500
Positions:	522	0

County: 20th Supplements; Current Svcs: HIDTA Program; Interdepartmental: Economy, Crime, etc; Positions: One Part-Time.

D.A.G. Conference	\$ 286,500	\$ 0
State:	197,500	0
Federal:	0	0
County:	0	0
Current Services:	29,000	0
Interdepartmental:	60,000	0
Positions:	0	0

Current Svcs: Registration Fees; Interdepartmental: Registration Fees.

Executive Director	\$ 1,637,200	\$ 0
State:	1,109,000	0
Federal:	0	0
County:	0	0
Current Services:	0	0
Interdepartmental:	528,200	0
Positions:	19	

Interdepartmental: IV-D Administration, D.O.T. Highway.

IV-D Child Support Enforcement	\$ 10,287,800	\$ 24,300
State:	0	0
Federal:	0	0
County:	0	0
Current Services:	2,500	0
Interdepartmental:	10,285,300	24,300
Positions:	214	0

Current Svcs: Registration Fees; Interdepartmental: Contract between DAG and DHS.

District Attorneys General - (cont.)

Director Kirby also informed the committee that the DAG now formally contracts for computer programming services. There are now two contracts, currently signed through June 30th of this year. He said to cancel these contracts would render present software useless since the intricate nature of the programming functions would prohibit an onsite state employee from taking over those duties without a significant time lag.

Department of Transportation

Greg E. Adkins

Research Analyst, Transportation

On Thursday, March 27, 2003 the Tennessee Department of Transportation (TDOT) Commissioner, Gerald Nicely, addressed the House Finance Committee about the department's budget for the current 2002/03 fiscal year and the 2003/04 fiscal year.

Total TDOT Budget Projected Expenditures

2002/03 Fiscal Year	\$1,555,050,000
2003/04 Fiscal Year	\$1,443,590,000
Total Reduction	(\$111,460,000)

A large part of the total reduction over Fiscal Year 2002-03 includes a large decrease in federal dollars due to Federal projections. The federal reduction is \$61,697,000. Although this looks like a large reduction, TDOT is estimating that the money will be placed back into the Federal Highway Trust Fund under the Transportation Equity Act #3 (TEA-3) and distributed to individual states.

The TDOT budget reflects a 9% budget reduction as proposed by the Governor. The Department presented the Finance Committee with the following specific budget reductions, with an emphasis on not cutting federally matched dollars.

Administrative Costs	(\$7,750,000)	Eliminate 50 positions, reduce training, travel, consultant services, and eliminate one-half fixed asset purchases.
Equipment Purchases and Operations	(\$7,000,000)	Reduce mobile equipment purchases and the replacement of HELP vehicles.
Resurfacing	(\$19,500,000)	Reduce resurfacing
Highway Betterments	(\$2,165,000)	Reduce minor resurfacing and construction.
State Aid	(\$2,760,000)	Reduce state aid including bridge grant programs.

Mass Transit	(\$2,285,000)	Reduce urban and rural operating assistance program.
State Highway Construction	(\$23,340,000)	Reduce state funded construction projects
Air, Water, and Rail	(\$1,000,000)	Reduce rail program
Total Reduction	(\$65,800,000)	

Commissioner Nicely explained that 50 vacant positions were eliminated, along with some consulting contracts. The construction budget is only going to experience a 4% base reduction because the department didn't want to jeopardize any federal matching funds. (Note: The next fiscal year the federal road construction portion could increase significantly by 3%-4%) Likewise, mass transit was only cut 7% due to federal matching concerns.

The Finance Committee expressed major concerns over the State Aid reduction. \$30 million is allocated for State Aid, which helps counties maintain local roads and major highway feeders onto state and federal highways, with \$9 million of the allocation used for bridge maintenance. Currently, TDOT has restrictions on what the State Aid dollars can be used for, but with the reduction some county road program managers have claimed they can't operate within TDOT guidelines.

Although the resurfacing program took the same 9% reduction as other areas of the budget the net effect was a larger budget reduction because resurfacing is all state dollars. Resurfacing costs average \$80,000 per mile. The state resurfaces about 2,500 miles per year. Tennessee roads generally have a 12-year cycle for resurfacing. The \$19.5 million reduction in the resurfacing program will result in a 435-mile reduction in resurfacing. Commissioner Nicely told the Finance Committee that the reduction wouldn't effect the 12-year resurfacing cycle, but any further reduction could have a significant impact on the program.

Tennessee Housing Development Agency

Brian Zuzenak

Research Analyst, Government Operations

On March 27, 2003 the Tennessee Housing Development Agency (THDA) presented its budget for the 2003-2004 fiscal year to the House Finance, Ways, and Means committee. Executive Director Janice Myrick represented the agency.

The Tennessee Housing Development Agency has been in existence for thirty years. It provides low interest rate mortgages to help low and very low-income Tennesseans find safe, sound and affordable housing.

THDA has a projected overall budget of \$264,350,900 for the 2003-2004 fiscal year. Of that figure, 94% comes from federal dollars. THDA does not receive any state funds.

Improvements:

The agency has requested eight additional positions that will be funded out of federal dollars. The Governor did not include these improvements in the recommended budget for fiscal year 2003-04. The agency must have state approval to use part of their federal dollars for administrative purposes. THDA is not requesting any additional state funds. The additional positions are needed to comply with federal performance standards. Federal dollars could be allocated to other states if the agency does not pass performance assessments.

(summaries continue on the next page)

Department of Tourist Development

Greg E. Adkins

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(Thursday, March 27, 2003)

Commissioner Susan Whitaker addressed the House Finance Committee about the Department of Tourist Development's budget and proposed 9% budget reductions. The department's estimated expenditures for the 2002/03 fiscal year total \$12,846,200. The 2003/04 fiscal year expenditures are estimated at \$11,759,400; which reflects the 9% budget reduction requested by Governor Bredeben.

The following are specific budget reductions:

Rest Area Grants	(\$156,000)	Eliminate staff at six rest areas in McMinn, Cumberland, and Madison.
Heritage and Community Development	(\$105,000)	Reduce rural and smaller communities with production of tourism marketing media materials.
Advertising & Promotions	(\$477,500)	Reduce advertising contracts, participation in indoor/outdoor shows, and promotional items.
Marketing	(\$48,700)	Eliminate one position.
Administration	(\$57,200)	Eliminate one position.
Welcome Centers	(\$214,000)	Eliminate three-filled hostess positions, two maintenance positions, and one regional manager position; TDOT will pay for trash and maintenance.
Tourist Regional Grants	(\$28,400)	Reduce grants by 9%.
Total	(\$1,086,800)	

According to Commissioner Whitaker, there are no general law changes necessary to implement the Governor's 9% across the board reductions for the department and there are no service contracts. The Commissioner believes that the same level of marketing and service will be upheld through smarter and better management decisions even though the budget reduction will have a significant impact on the department.

Tennessee Regulatory Authority

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On April 1, 2003 the Tennessee Regulatory Authority (TRA) presented its budget for the 2003-2004 fiscal year to the House Finance, Ways, and Means Committee. Chairman Sara Kyle represented the TRA.

The TRA's mission is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The TRA's requested budget as included in the Governor's budget totaled \$7,942,700 and does not reflect the 9% reduction in expenditures taken by the TRA. With these reductions the Department's budget totals \$7,227,700 as reflected in the Appropriation Bill. They are not asking for any improvements.

The TRA is self-sustaining and funded primarily through fees and fines paid by the regulated entities. It also receives the fees collected from the Do Not-Call program and some federal funding. TRA's revenues are derived from inspection fees, which are based on the revenues of the regulated companies under TRA's jurisdiction. Any excess revenues are placed in reserve funds, if appropriate. It was noted that the "omnibus" budget bill authorizes the Governor to take the reserves from the TRA to cover the closing of the current fiscal year and to fund general government in FY 03-04. The TRA has two statutory authorized reserves, Public Utilities and the Assistive Telecommunications Device Distribution Program (TDAP). The Public Utility reserve has a balance of approximately \$3 million and the TDAP has a reserve of approximately \$750,000.

The 9% (\$715,000) reduction in TRA expenditures comes from a combination of several areas. The TRA is eliminating eight vacant positions from several different divisions. They are also reducing expenditures for travel, equipment, and temporary delays in a new program. The TRA does not expect these reductions to adversely affect their mission.

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